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JOINT INSPECTION UNIT

Activities of the Joint Inspection Unit of relevance to UNIDO

Note by the Secretariat

Summary

Provides information on reports prepared by the Joint Inspection Unit during 1996 which were not considered during the sixteenth session of the Industrial Development Board and reflects the position of the UNIDO Secretariat on those matters.

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Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. The Unit conducts its work based on requests by Member States, on request by the secretariats of the participating organizations, or on its own initiative. The reports of JIU are submitted to the competent organs of the organizations concerned with the comments of the executive heads of those organizations. The present document provides information on JIU reports that are considered relevant to UNIDO, together with the comments of the Secretariat thereon.

I. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT INTEREST TO UNIDO

2. Since the issuance of the most recent document to the Board on the subject (IDB.16/12), the following reports of JIU have been prepared and circulated for consideration, comments and/or follow-up action. The reports are available for reference at the documents distribution counter.

JIU/REP/96/1	Review of institutional and programme issues surrounding UNCTAD
JIU/REP/96/2	Feasibility study on the relocation of UNITAR to the Turin Centre
JIU/REP/96/3	Coordination of policy and programme frameworks for more effective development cooperation*
JIU/REP/96/4	Review of financial resources allocated by the United Nations system to activities by non-governmental organizations*
JIU/REP/96/5	Common services at United Nations Headquarters*
JIU/REP/96/6	Inspection of the application of United Nations recruitment, placement, and promotion policies. Part II - Placement and promotions
JIU/REP/96/7	Comparison of methods of calculating equitable geographical distribution within the United Nations common system.*

Coordination of policy and programming frameworks for more effective development cooperation (JIU/REP/96/3)

3. Effective coordination among development partners, including host countries, the United Nations system, multilateral financial institutions and bilateral donors, has become a high priority objective on the international agenda to obtaining a more efficient and cost-effective development cooperation to economic and social advancement.

4. Currently there is a multiplicity of discordant and overlapping policy and programming frameworks employed by development partners. Although each framework appears rational from the perspective of each organization, the "jungle" of frameworks has yielded counterproductive results: the total of the resources represented by the numerous frameworks at the country level becomes practically impossible for the recipient Government to plan and manage effectively. This is so not only because of the sheer variety and plurality of the frameworks, but also because each framework is different in its priorities and requirements of formulation, implementation, monitoring and accountability.

5. The situation gives rise to a number of concerns: (a) unnecessary and unproductive efforts by Governments to collect data and documentation; (b) increasing pressure on many Governments in the developing countries to reduce the cost and size of their public administrations; (c) while the organizations' development frameworks appear to provide benefits to the recipient countries, viewed collectively they appear more as routine bureaucratic exercises; and (d) the frameworks generally belong to and are managed directly by the organizations and not by the host country.

6. Major aid coordination problems are concentrated largely in those countries where external aid flows represent a substantial percentage of development budgets. All the least developed countries (LDCs) are found in this group of countries. The paradox is that policy and programming frameworks proliferate in those countries where development management and coordination capabilities are in short supply. Aid coordination problems in these countries usually mirror a more fundamental problem of lack of strategic leadership and organized capacity to tackle the major constraints to economic growth and social development. Attention should therefore be devoted to the basic problem of governance and institutional fabric for development.

7. The Inspector believes that donor aid policies should be coordinated around the development priorities of recipient countries and the fundamental long-term goal of building up the development of self-reliance in recipient countries, especially LDCs. The Inspector suggests

* Indicates a report of direct relevance to UNIDO.

a decentralized approach to national development endeavours, reinforcing the operational capabilities of local government units and community organizations to develop, plan and implement projects and manage resources.

8. The United Nations system currently provides a host of tools used for the coordination of development policies and programmes. *The resident coordinator system* was established under the United Nations Development Programme (UNDP) in 1978 with the resident coordinators of the operational activities at the country level. This is supported by the Field Coordination Committee, the development cooperation report, and the development information facility (databank). The country strategy note was established by the United Nations General Assembly as a system-wide programming mechanism for use by recipient countries. Regional and subregional coordination frameworks exist whereby the regional commissions have adopted regional coordination and cooperation frameworks in their areas of competence. The regional commissions should be the main development forum for reviewing and interconnecting the different sectoral and cross-sectoral regional programmes of the organizations prior to approval by the governing bodies.

9. The Inspector believes that joint meetings of the executive boards for the consideration of country strategy notes and country programme documents, and joint or integrated reports by these entities to the Economic and Social Council, would contribute to improving coherent and integrated approaches to development problems. The possibility of joint sessions of the executive boards could ultimately be extended to the specialized agencies under the aegis of the coordination segment of the Council, whereby each specialized agency could be represented by designated members of the governing bodies.

10. The Inspector made seven recommendations:

(a) The country strategy note should be the primary programming framework at the country level, with the development cooperative report on annual progress in the implementation of the note;

(b) Each organization should conduct a periodic evaluation of policy and programming frameworks;

(c) System-wide standard formats for development cooperation should be developed;

(d) An inter-agency information facility (databank) should be established in the resident coordinator's office;

(e) Field-level coordination committees should be used more systematically for policy dialogue and for integrated development of country and sectoral programmes;

(f) Regional and subregional coordination should be established within the system;

(g) The Economic and Social Council should further strengthen its coordination and oversight functions by exploring the feasibility of instituting/expanding joint sessions of the executive boards of United Nations programmes and funds for consideration of specific coordination issues, and creating a unified executive board as a committee of the Council while preserving the identities and mandates of the programmes and funds concerned.

11. The report is fully conscious of the need for responding to current political pressures on the United Nations system or better coordination in planning the delivery of development assistance. UNIDO concurs in principle with all recommendations related to the need for effective development cooperation among all international development organizations both at the multi- and bilateral levels. Recommendation (b) is addressed to each organization, and UNIDO has taken effective measures during the reform process. Concerning recommendation (g), UNIDO considers that the strengthening of the Economic and Social Council and decentralization of development cooperation, a seemingly contradictory approach, would indeed be compatible under the concept of normative centralization and operative decentralization where the Council establishes norms but implementation is devolved to the organizations and particularly to the field level.

Review of financial resources allocated by the United Nations system to activities by non-governmental organizations (JIU/REP/96/4)

12. Following the 1993 JIU report entitled "Working with NGOs: Operational activities for development of the United Nations system with non-governmental organizations and Governments at the grassroots and national levels" (JIU/REP/93/1), several members of the Administrative Committee on Coordination (ACC) expressed the wish for a companion report containing a financial analysis and comparison of costs involved in United Nations governmental and non-governmental organization (NGO) activities. Since that time, donors have been demanding more justification of proper use of the resources they make available to the United Nations system, and have shown a growing preoccupation about improving efficiency. Coupled with the concerns of ACC and the donors was a request by the World Health Organization for the JIU study.

13. The Inspector reviewed (a) rules and procedures of allocating funds for activities carried out by NGOs,

(b) procedures used by NGOs for accounting of system organizational funds, (c) procedures of system organizations for reporting to their legislative bodies on resources they assign to NGO activities, and (d) methods used for dividing resources between direct implementation and administrative support costs.

14. The Inspector concluded that there is a need for better accounting and reporting procedures by the entire system. The majority of organizations could not provide precise and properly recorded financial figures. In addition, cost benefit analyses are done on an *ad hoc* basis and only by a few organizations. Reporting to legislative bodies on the expenditure of funds for NGO activities is also done sporadically.

15. The Inspector urged that the working relationships of the United Nations system with NGOs should be improved by introducing more precise criteria for selection, efficiency and accountability of NGOs (through the elaboration of appropriate guidelines). Financial management ought to be strengthened by means of computerization of resources devoted to NGOs. A systematic reporting procedure to Member States and other donors on resources devoted to NGOs and on disbursement of funds should be established. In addition, organizations should, within the framework of capacity-building, involve more national NGOs as implementing partners.

16. UNIDO concurs with the main thrust of the report, which reflects the increasingly important role played by NGOs at the international, regional and national levels. UNIDO fully recognizes the contribution of NGOs to promoting people-centered industrial sustainable development, and is expanding its cooperation with various types of NGOs active in the industrial sector in developing and industrial countries as well as in countries with economies in transition.

17. A wide range of NGOs are active in the industrial field, and at present 113 NGOs enjoy consultative status with UNIDO. UNIDO is expanding its collaboration with national and local NGOs. UNIDO cooperation with NGOs is interdivisional, concerns all priority areas of the Organization and associates NGOs at all levels of activities, including policy discussions, programme elaboration, technical cooperation and implementation of field activities.

Common services at United Nations Headquarters (JIU/REP/96/5)

18. The inherent benefits of common services for the United Nations organizations have been recognized by the Member States since the creation of the system. Legislative guidance on common services is specific as to the objectives to be pursued: to achieve administrative and technical uniformity, ensure the most efficient use of personnel and resources, and avoid the establishment and operation of competitive or overlapping facilities and services.

19. The Inspector reviewed the following services: telecommunications, integrated management information systems, legal services, conference services in various subcategories, public information and library, medical service, procurement, travel, buildings management and related services, security and safety, pouch and mail services, and insurance unit.

20. The Inspector found that, at the Headquarters level, common services are most elaborately developed at the Vienna International Centre. The organizations located at Geneva and New York have common services that differ in scope and operating modality. Unlike the systematic and comprehensive approach adopted by the Vienna-based organizations, the organizations in Geneva and New York have followed a haphazard pattern, without the benefit of a guiding policy framework.

21. The Inspectors recommended:

(a) The establishment of policy guidance from the General Assembly on the question of common services;

(b) An implementation plan from the Secretary-General and the executive heads of the programmes and funds; and

(c) Enhancement of the system-wide role of common services. Besides the cost savings associated with economies of scale and operational synergies, the strengthening of common services at New York could have the positive impact of accelerating the integration of programme policies and support facilities and services at other duty stations worldwide.

22. UNIDO endorses the concept of maintaining common services and—along with the other United Nations agencies in Vienna—is committed to developing and using them even further whenever economies-of-scale can be achieved.

Comparison of methods of calculating equitable geographical distribution within the United Nations common system (JIU/REP/96/7)

23. In response to a request from the United Nations Educational, Scientific and Cultural Organization, JIU has undertaken a comparison of methods used to calculate equitable geographical distribution. Owing to the changes over the years, the number of posts traditionally available for geographical distribution has been limited. In 1992, the General Assembly set up a working group to consider the issue within the confines of Article 101, paragraph 3,

of the Charter of the United Nations, which stipulates that: "The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible."

24. JIU made the following five recommendations:

(a) More active consideration should be given to demographic profile and post level weighting principles, along with a principle of rotation, particularly in the higher categories;

(b) A principle of weighting should be adopted whereby a certain coefficient is applied to each grade in each category of post;

(c) Voluntary contributions from Member States should not be accompanied by pressure or stipulations regarding the recruitment of nationals;

(d) The secretariats of international organizations should be somewhat cautious in accepting nationals from any country provided on a cost-free basis who will perform tasks that would normally be assigned to staff recruited by the organizations themselves;

(e) In organizations with small bodies of staff, measuring of geographical distribution should be on the basis of a certain number of years and not year by year.

25. UNIDO follows a system of informal desirable ranges for the geographical distribution of its staff in the Professional and higher categories, which is based on the formula of the United Nations. The ranges are calculated on the basis of four factors: (a) the **base figure** consisting of the number of posts to be distributed; (b) the **membership factor** allowing one post per member; (c) the **population factor** which allocates 5 per cent of the base figure on the basis of the population of the Member States; and (d) the **contribution factor**, which is derived after the posts allocated to the membership and population factor are subtracted from the base figure. The Inspectors cite UNIDO as being an example of an organization with a small number of posts having a viable distribution system.

26. The report to the Board at its fifteenth session on personnel matters (IDB.15/4) outlines the formula used by UNIDO for calculating the desirable ranges of representation. The Secretariat has taken note of the JIU recommendation with regard to increasing the population factor in the geographical distribution formula. This could be considered when the geographical distribution formula is next reviewed. In this connection, a common standard for the United Nations would also need to be considered. However, if any changes are to be contemplated within the UNIDO context, they should go in the direction of adjusting the assessed contribution basis by the percentage of contributions actually paid over one or two preceding budget periods. Countries that have lost their voting rights should, by definition, be considered as over-represented for recruitment purposes irrespective of the number of their nationals employed.

27. It should be recognized that some Member States exercise more pressure than others with respect to the recruitment of their nationals. This is regularly resisted by the Secretariat. The best way to overcome such pressure is a pro-active approach to recruitment resulting in a choice of qualified alternative candidates.

28. Under certain circumstances, normally in connection with specific programme development, UNIDO would accept nationals of the donor "free-of-charge", i.e. on non-reimbursable loans. However, such persons would not be given staff member status. Such a situation would arise in case of service packages where a donor makes contributions in cash and kind, including personnel.

II. JOINT INSPECTION UNIT STUDIES PROPOSED BY UNIDO

29. UNIDO has proposed to the Joint Inspection Unit the following system-wide issues for its study:

(a) **Governance process**: A study on the manner in which governing bodies guide and oversee the work of the organizations;

(b) **Delegation of authority and accountability**: A study on how to achieve a balance between decentralization/delegation and coordination/control/accountability, particularly in the context of decentralization of functions to the field offices;

(c) **Fees collection/cost recovery**: A study on practices of the organizations to introduce a system of collection of fees for services, and other means of recovering part of costs.

III. ACTION REQUIRED OF THE BOARD

30. In compliance with the provisions of the statute of JIU and resolution 48/221 of the General Assembly providing that the recommendations made by JIU should be considered and approved by Member States prior to their implementation by the organizations, the Board may wish to review the recommendations of JIU together with the views of UNIDO thereon as well as the JIU studies proposed by UNIDO and provide policy guidance for follow-up action.